

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 1962-01
Bill No.: HB 922
Subject: Elections; Political Parties
Type: Original
Date: February 19, 2019

Bill Summary: This proposal changes the law regarding primary elections.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2020	FY 2021	FY 2022
General Revenue (0101)	\$0	Up to (\$1,809,500)	(\$343,500)
Total Estimated Net Effect on General Revenue	\$0	Up to (\$1,809,500)	(\$343,500)

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2020	FY 2021	FY 2022
Technology Trust Fund (0266)	\$0	(\$350,000)	\$0
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	(\$350,000)	\$0

Numbers within parentheses: () indicate costs or losses.

This fiscal note contains 10 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2020	FY 2021	FY 2022
Elections Administration Improvement Fund (0157)	\$0	(\$350,000)	\$0
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	(\$350,000)	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2020	FY 2021	FY 2022
Total Estimated Net Effect on FTE	0	0	0

☒ Estimated Net Effect (expenditures or reduced revenues) expected to exceed \$100,000 in any of the three fiscal years after implementation of the act.

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2020	FY 2021	FY 2022
Local Government	\$0	Could exceed (\$3,600,640)	(Unknown)

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Office of the Secretary of State (SOS)** state this bill authorizes state political party organizations to adopt a closed primary system for elections. This will require significant amendments to the Missouri Centralized Voter Registration Database to allow for the electronic data field "Party Affiliation" to be added along with internal processing, data table linking, sorting, searching and reporting modifications. These changes would have an estimated one-time cost of \$700,000 for seven (7) technical resources paid \$100 dollars per hour for 1000 hours each in FY21.

The SOS would split the funding for these changes between the Technology Trust Fund and Elections Administration Improvement Fund as follows:

Technology Trust Fund - \$350,000 in FY21

Elections Administration Improvement Fund - \$350,000 in FY21

Oversight notes that in response to similar legislation HB 26 (0330-02) from 2019, the SOS anticipated no new decision item (NDI) would be necessary for this software change. The money used from Elections Administration Improvement Fund (designated by OA as a federal fund) comes from an annually appropriated GR transfer. Should this transfer be withheld or not fully funded, or if the total cost of MCVR changes from multiple pieces of legislation exceeds the money available, the SOS reserves the right to offset or request additional resources for estimated fiscal note impacts during the budget process.

SOS notes that voters who have been registered as party voters would also need to be identified with their chosen affiliation in the Missouri Centralized Voter Registration Database in order to be included on the party lists provided to local election authorities. Subsection 9 of the proposed new section 115.628 establishes that an appropriate software be available at polling places during 2020 elections to facilitate voters' initial party selections. This, in turn, requires that a portable electronic device (such as a tablet computer) be made available at each polling place to utilize the software provided. Since the proposed law requires this software (and by extension, the device bearing the software) to be available, the state must pay for this mandate as required by Article X, Section 21 of the Missouri Constitution. While a majority of counties currently utilize electronic poll books which could be adapted to add a party registration field, the SOS estimates that 43 counties with a total of 733 precincts would need to be equipped with two devices per precinct to adequately accommodate voter turnout. Each device would cost about \$1,000 to

ASSUMPTION (continued)

purchase, for a total of \$1,466,000 in FY20.

Oversight notes that electronic poll books will vary in price depending on the vendors each election authority chooses to use. SOS has based their estimate off an invoice from Randolph County last year, in which all components (software, tablet, software license, flip and share stand, transport case, and charging cable) were added for total cost of close to \$1,000. Some counties are able to acquire the devices at a lower cost. Therefore, Oversight will reflect the cost of the portable electronic devices as Up to \$1,466,000 in FY 2021 on the fiscal note.

SOS also notes for each of the 2,748 polling places statewide, we anticipate that at least one additional poll worker will need to be available to help coordinate the party selection process. Using an estimate of \$125 as the average poll worker stipend (previous fiscal notes have indicated a range between \$100 and \$170), at least \$343,500 in state funds will be required to pay the poll workers operating the devices bearing the software (again, some polling places will need more than one). These poll worker stipends will be paid for two elections: once in FY20 for the 2020 Presidential Preference Primary and once in FY21 for the 2020 primary election.

In summary SOS estimates a cost to the General Revenue Fund of Up to \$1,466,000 in FY20 and \$343,500 in FY20 and again in FY21.

SOS also assumes many bills considered by the General Assembly include provisions allowing or requiring agencies to submit rules and regulations to implement the act. The SOS is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. The fiscal impact for this fiscal note to the SOS for Administrative Rules is less than \$5,000. The SOS recognizes that this is a small amount and does not expect that additional funding would be required to meet these costs. However, the SOS also recognizes that many such bills may be passed by the General Assembly in a given year and that collectively the costs may be in excess of what the office can sustain with the core budget. Therefore, the SOS reserves the right to request funding for the cost of supporting administrative rules requirements should the need arise based on a review of the finally approved bills signed by the governor.

Oversight assumes the SOS could absorb the costs of printing and distributing regulations related to this proposal. If multiple bills pass which require the printing and distribution of regulations at substantial costs, the SOS could require additional resources.

ASSUMPTION (continued)

Officials from the **Kansas City Election Board** assume the proposal's fiscal effect would include hiring of at least two additional permanent staff with benefits at \$40,000 per person per year, plus additional postage and printing of \$30,000 to get their records updated. There would also be additional training of election judges at \$35,000.

Officials from the **St. Charles County Election Authority** assume if this law is passed this year and the bill is implemented in 2021 with voter information being updated through regular voter contact and registration during 2020 there should be no increased cost for St. Charles county.

This assumes provision 115.628.8 can be implemented electronically. Currently voters sign a tablet device accepting their ballot and declaring they are the who they say they are. These entries are consolidated into a report that is uploaded into the state's MCVR program automatically updating the voter's history. If this programming cannot update part preferences automatically than cards similar to or the same as voter registration cards will have to be filled out and signed by the voters at an election then manually updated into the MCVR program. This manual process would be an increased cost. The cost for all those registration cards will be ~\$10,000. The cost of manpower to update all those records will be equivalent to 1 FTE for an entire year. While this is normal work for the Election Authority some of it could be absorbed. Since the last sentence of this section gives the Election Authority 6 months to process these updates, there would be an increased manpower cost to update the records in a timely fashion if the process is manual. The cost is unknown but should be less than \$25,000 for temp labor.

Officials from the **Boone County Clerk's Office** assume a fiscal note of \$13,680 to account for 380 hours of IT work in order to collect and maintain party affiliation within the Boone County voter registration system. Boone County operates a stand-alone legacy system separate from the statewide MCVR system. Addition of party affiliation will impact several daily processes of the office, including voter registration and election programming, and will require updating and testing of online and AS400 functions.

Officials from **Greene County** state to implement this change effectively to ensure the voter is informed of the requirement to either affiliate with an established political party or choose to be unaffiliated and be allowed to vote on issues only during a primary election, it is important to give notice to voters prior to the election. Ideally, voters would receive notice prior to each primary election in 2020 and in 2022.

ASSUMPTION (continued)

Primary Mailing Costs

1st Mailing - 2020 Presidential Primary

- Mail Notice of Political Party Affiliation to approximately 160,00 voters x .35 a postcard = \$56,000

2nd Mailing - 2020 Statewide Primary

- Mail Notice of Political Party Affiliation to approximately 80,000 voters who did not vote in the 2020 presidential primary x .35 a postcard = \$28,000

3rd Mailing - 2022 Statewide Primary

- Mail Notice of Political Party Affiliation to approximately 60,000 voters who did not vote in the 2020 primaries x .35 a postcard = \$22,000

Total Primary Mailings Cost - \$105,000

Voter File Maintenance Cost

To update a voter record in both MCVR and the physical registration record it is .14 cents per voter record update.

$$.14 \text{ per transaction} \times 160,000 \text{ voters} = \$22,400$$

Officials from **Christian County** assume the proposal will have a fiscal impact of \$27,000 for notice mailed and \$35,000 for additional staff. The estimated total results in a cost of \$62,000 to their organization.

Officials from **Cole County** assume the proposal will have a fiscal impact of \$28,600 for postage and \$7,800 for envelopes and letters to notify voters of change. The estimated total results in a cost of \$36,400 to their organization.

Officials from **Ripley County** assume the proposal will cost in excess of \$5,000 to send county-wide notices to registered voters requesting information relating to party affiliation.

ASSUMPTION (continued)

Officials from **Henry County** assume the initial cost to do a canvass of voters, to print, and mail voter registration cards will be \$12,000 (\$7,000 postage + \$5,000 printing).

Officials from **Livingston County** assume the proposal will have a fiscal impact of \$7,000 in 2019 and \$14,000 in 2020.

Officials from **McDonald County** assume the proposal will cost roughly \$5,000 just to notify registered voters of the political party affiliation requirements, let alone the cost to re-register all current registered voters.

Officials from **Lawrence County** assume the proposal will require canvassing of voters, which will cost \$12,000 each year with an increase for postage and increase voter count of \$2,000 each year after. The estimated total 3 year cost is \$42,000.

Officials from **Pike County** assume the proposal will have a cost between \$8,000 and \$10,000

Oversight notes according to Section 115.628.5 of the proposal, that the state will pay the costs of implementing the closed primary system. However, Oversight will reflect a negative fiscal impact to local election authorities for postage/printing costs and additional staff required to implement the closed primary elections. Oversight has calculated the average cost (\$31,040) of the responses submitted from local election authorities and will show a cost that could exceed \$3,600,640 (\$31,040 x 116 local election authorities) in FY 2021 and an unknown amount in years thereafter.

Officials from the **Platte County Board of Elections** and **St. Louis County Board of Elections** both assume the proposal will have no fiscal impact on their organization.

Oversight notes that according to Section 115.628.4 that any political party entitled to ballot access as established under section 115.315 shall be allowed to exempt itself from a closed primary and conduct a caucus or primary election at its own expense. This may result in savings to the state if a party chooses to do so. Oversight is unable to know if this will take place and will not reflect an impact for this section on the fiscal note.

Oversight only reflects the responses that we have received from state agencies and political subdivisions; however, other local election authorities and county clerks were requested to respond to this proposed legislation but did not. For a general listing of political subdivisions included in our database, please refer to www.legislativeoversight.mo.gov.

ASSUMPTION (continued)

Oversight notes that the bill has an effective date of January 1, 2021. For fiscal note purposes the costs will be reflected in FY 2021 and FY 2022.

<u>FISCAL IMPACT - State Government</u>	FY 2020	FY 2021 (6 Mo.)	FY 2022
GENERAL REVENUE FUND			
<u>Costs - SOS</u>			
Portable Electronic Devices	\$0	Up to (\$1,466,000)	\$0
Additional Poll Workers at primaries	\$0	(\$343,500)	(\$343,500)
<u>Total Costs - SOS</u>	<u>\$0</u>	<u>Up to</u> <u>(\$1,809,500)</u>	<u>(\$343,500)</u>
ESTIMATED NET EFFECT ON GENERAL REVENUE FUND	<u>\$0</u>	<u>Up to</u> <u>(\$1,809,500)</u>	<u>(\$343,500)</u>
TECHNOLOGY TRUST FUND			
<u>Cost - SOS</u>			
MCVR Programming	\$0	(\$350,000)	\$0
NET EFFECT ON TECHNOLOGY TRUST FUND	<u>\$0</u>	<u>(\$350,000)</u>	<u>\$0</u>
ELECTIONS ADMINISTRATION IMPROVEMENT FUND			
<u>Cost - MCVR Programming</u>	\$0	(\$350,000)	\$0
NET EFFECT ON ELECTIONS ADMINISTRATION IMPROVEMENT FUND	<u>\$0</u>	<u>(\$350,000)</u>	<u>\$0</u>

<u>FISCAL IMPACT - Local Government</u>	FY 2020	FY 2021 (6 Mo.)	FY 2022
LOCAL ELECTION AUTHORITIES			
<u>Cost - Implementation of closed primary</u>	<u>\$0</u>	<u>Could exceed</u> <u>(\$3,600,640)</u>	<u>(Unknown)</u>
NET EFFECT ON LOCAL ELECTION AUTHORITIES	<u>\$0</u>	<u>Could exceed</u> <u>(\$3,600,640)</u>	<u>(Unknown)</u>

FISCAL IMPACT - Small Business

No direct fiscal impact to small businesses would be expected as a result of this proposal.

FISCAL DESCRIPTION

Beginning January 1, 2021, this bill allows established political parties to use a state funded, closed political primary system conducted by local election authorities. The local election authority will allow registration of voters as members of a particular political party and enforce time limits on registration or changing political parties as specified in the bill. The Secretary of

State shall maintain voter registration records and party affiliation and provide such information back to local election authorities as specified in the bill. If the state funded closed primary system is not employed, then political parties may submit candidates chosen by caucus or some other method paid for by the political party for a general election to the requisite election authority.

Persons not previously registered to vote in Missouri may choose a party affiliation and register to vote until the fourth Wednesday prior to a primary election. Independent candidates must be unaffiliated with a political party no later than the 23rd Tuesday before a primary election in order to run for office. Political party candidates must be affiliated with their party no later than six months prior to the last Tuesday in February. Any candidates selected by nominating committees must be affiliated with the requisite political party no later than six months prior to the date of selection.

This bill establishes the "Integrity in Political Party Voting Act." Local election authorities shall notify registered voters of the primary election system using current notices mailed to voters and party affiliation changes will be noted beginning January 1, 2020. The voter registration application form will allow an initial choice of party affiliation during the presidential primary, August primary, or general election. Party identity will be required to remain the same for one year after a primary election held after January 1, 2021.

FISCAL DESCRIPTION (continued)

The bill does not modify the current procedures for registration of voters and applies only to political parties making use of the state funded closed primary system to choose candidates. The closed primary system applies to the presidential primary as well as other state and federal races (Section 115.628, RSMo).

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Office of the Secretary of State
Kansas City Election Board
St. Charles County Election Authority
Boone County Clerk
Christian County Clerk
Cole County Clerk
Ripley County
Henry County Clerk
Livingston County
McDonald County Clerk
Lawrence County
Pike County
Platte County Board of Elections
St. Louis Count Board of Elections



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